



**INDUSTRIAL MINERALS INC.**



## **Northern Graphite Initiates Pre Feasibility Study**

April 19, 2010 – **Northern Graphite Corporation** (“Northern” or the “Company”), a subsidiary of Industrial Minerals Inc. (IDSM:OTC-BB), announces that SGS Canada Inc. has been engaged to prepare a Pre Feasibility Study for the Bissett Creek graphite project.

SGS Canada Inc. Geostat office (formerly Geostat Systems International Inc.) previously completed a NI 43-101 compliant resource estimate and Preliminary Assessment on Bissett Creek and will update and refine their work to the standards required for a Pre Feasibility Study which is expected to be completed in the third quarter of this year. A full Feasibility Study was completed on Bissett Creek by Kilborn, Cominco Engineering and others in 1989, including the estimation of a proven and probable reserve, but it pre dates NI 43-101 and is not compliant. The Feasibility Study included over 7,200 meters of diamond drilling in 160 holes and the completion of bulk sampling, pilot plant testing and extensive lab work. While the Preliminary Assessment confirmed the results of these studies, additional metallurgical testing will be undertaken by SGS as part of the Pre Feasibility and a small infill drilling program will also be carried out.

Gregory Bowes, CEO of Northern stated that “A substantial body of high quality work has already been completed and we do not expect any surprises but it is important and necessary to bring it up to NI 43-101 standards.” He added that “Environmental and permitting work is already underway and our goal remains to be in a position to make a construction decision within 12 to 18 months.”

Northern owns 100% of the large Bissett Creek graphite deposit which is located 15km from the Trans-Canada highway, east of North Bay, Ontario. A full feasibility study was completed by Kilborn Engineering and others in 1989 (which pre-dates National Instrument 43-101 and is not compliant), but Bissett Creek was not developed due to a subsequent decline in graphite prices. Graphite prices have since recovered due to the ongoing industrialization of China, India and other emerging economies. However, new applications such as lithium ion batteries, fuel cells and nuclear and solar power have the potential to create significant incremental demand growth. There is up to 20 times more graphite than lithium, in a lithium ion battery. China, which produces 80% of the world’s graphite, is seeing production and export growth leveling off and export taxes and a licensing system have been instituted. With limited worldwide exploration and few potential development projects on the horizon, the Company is well positioned to benefit from the continued improvement in graphite demand and prices.

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